



RESTRUCTURING ASSISTANCE AND POLICY ADVICE FOR THE MINISTRY OF AGRICULTURE OF GEORGIA

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PHASE IIIb DRAFT WORKPLAN June 1, 2004-June 30, 2005

Don Van Atta
Chief of Party
Advisor to the Minister of Agriculture of Georgia

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MISSION

To assist the transformation of the Ministry of Agriculture and Food of Georgia into an effective, honest agency that more effectively facilitates increasing the welfare of the country's agri-food producers and consumers.

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Agriculture is not glamorous, and agricultural development has been out of favor in recent years because it is difficult. However, as the most recent USAID Agricultural Strategy paper notes, agricultural development is vital for two reasons: First, in Georgia as throughout the world, “food is not distributed equally to regions, countries, households and individuals. ... many families have insufficient food to meet their basic needs and must be considered chronically food insecure.”¹ This is certainly true of many of the fifty percent of all employed Georgians who work in agriculture, mostly on subsistence plots. Preliminary results of the most recent baseline study of Georgia by the World Food Programme, released in May 2004, suggest, in fact, that Georgian subsistence producers are sinking deeper into poverty and food insecurity. Until this situation is addressed, Georgia cannot break out of its deepening decline into poverty and misery. Second, as the USAID paper goes on to comment, “Nearly every country that has reached sustainable development has undergone a similar process. The agricultural sector must be the driving force of development at all stages of economic growth. Profit generating change is the key to successful agricultural sector performance in the growth process.”²

Government can do much less to address these challenges that policy-makers and citizens brought up in the stifling Soviet command economy would like to believe. But what governments do for agriculture in market economies is vital. Most people immediately think of government’s role in agriculture as that of insuring food stockpiles and regulating consumer prices, and indeed governments in developed market economies still do these things, although they are becoming more controversial and less effective (and necessary) as world trade becomes more important.³

Georgia has a comparative advantage in certain kinds of agricultural products, and, an increase in the value and quantity of agricultural exports is a goal set in the USAID Caucasus strategic plan. However, Georgia is not self-sufficient in basic foodstuffs and probably should not seek to be. Although world supplies have been unusually tight this year, at base the world is not short in basic, relatively low-value agricultural commodities such as grain. It makes economic sense for certain regions of Georgia that are particularly favorably endowed for grain production to pursue it, but it makes no sense for the country to seek to become self-sufficient in such a relatively low-value commodity. Rather, it should export higher-value agricultural products and import much of its basic consumption. Pursuing this strategy, however, requires two things: first, it requires peaceful relations with the countries of the region that normally produce grain surpluses, both those in the Black Sea basin and Central Asia. Second, it requires that Georgia’s ability to trade -- its producers knowledge of possible markets, their requirements and

¹ United States Agency for International Development, “Draft Agricultural Strategy Paper 3” (October 24, 2003).

² United States Agency for International Development, “Draft Agricultural Strategy Paper 3” (October 24, 2003).

³ The expiration of the “peace clause” in the WTO Agreement on Agriculture, which already helped motivate Brazil to challenge United States’ cotton subsidies, and the difficulties generated for the recent expansion of the European Union by Central European farmers’ economically impossible demand for subsidies at the level enjoyed by older member states – a demand which again puts the entire Common Agricultural Policy in question – are recent indications that the era of agricultural protectionism by the developed countries is coming to an end. This model is in any case not very applicable to Georgia, which traded away its rights to large subsidies in WTO accession negotiations, in which agriculture is too big a part of the economy to be subsidized by the rest, and which does not have the funds to do so even if it wanted to.

how to produce appropriate products for them; the reputation of its producers for meeting their commitments to those markets; and of its products for their quality -- be unsullied.

Provision of public goods such as overall market information and assistance with production and market development, the unbiased enforcement of freely-made contracts, the ability of market actors to take action when claims of quality and safety are false, and the enforcement of health and safety standards are all functions of government in all developed countries. Indeed, all but the provision of public goods – where the appropriate balance between private and public activity can be and is hotly debated – are activities that in their nature can only be performed by government, since only the institution that possesses an effective monopoly of coercive force that is accepted by the citizenry in a given territory can carry them out.

The Restructuring Assistance and Policy Advice for the Ministry of Agriculture and Food of Georgia (RAPA) was established in response to a request from the Minister of Agriculture and Food of Georgia at the end of 2000. The project's three primary activities were specified in its original task order and by the USAID/Caucasus Mission Director at project inception in February 2001. A fourth task follows from the first three:

- Providing a policy advisor who can build a close working relationship with the Minister
- Supporting reform of the Ministry of Agriculture and Food (MAF, renamed in February 2004 the Ministry of Agriculture) as an agency of the Government of Georgia to make it useful and effective in a market economy
- Carrying out analytical and other work to ensure that the Ministry receives “best practice” advice about both its policy and institutional form
- Supporting Ministry efforts to root out existing corruption and prevent its recurrence

During the three years of its existence, the RAPA project has helped to transform the Ministry of Agriculture of Georgia from an ineffective, Soviet-style command structure notably primarily for the high percentage of former party district committee officials among its employees to an agency that is increasingly conscious of its responsibilities to the public, more capable of carrying them out, and more aware of the limits of its capacity and the complexity of its tasks.

Institutional and policy reform is an iterative, cumulative process. So this workplan builds on and continues the work of the project in previous phases. It presents key assumptions underlying this work, key points in the approach, activities to be done during the period, and concludes with a brief discussion of anticipated project close-out.

KEY ASSUMPTIONS

Institutional reform demands that the leadership of the institution have an understanding of the need for and process of reform. RAPA originated because of requests from a Minister who had, unlike most of his then colleagues, such an understanding. Although that Minister is no longer in office, his successor retains that vision. Unfortunately, because of infighting in the post-“Rose Revolution” Georgian government, the present minister's grip on his position is not as secure as might be desired. Even more unfortunately, several important Georgian political figures who have expressed a desire to

succeed to leadership of the Ministry have acted in the past in ways that indicate that they continue to think of the Ministry as an agency to command peasants to produce for the cities regardless of economic realities and as a source of easily-diverted resources for patronage purposes. In this regard, the new leadership unfortunately demonstrates its Soviet heritage. Therefore, the most important of all the key assumptions is that

A reform-oriented Minister who understands and supports the work of the project remains in office.

The Ministry of Agriculture is only one of several line ministries in the government of Georgia. Its on-going activities must be closely coordinated with several functional agencies, particularly the Ministries of Finance, Economics and Justice. Moreover, it is subject to direction as part of a newly-instituted and still-evolving Cabinet structure directed by a Prime Minister. At times, the rest of the government has indicated that rural citizens can be left to fend for themselves and agriculture matters only as a source of resources for other sectors. Similarly, although there can be no doubt that the Ministry remains more corrupt than would be desirable, recent investigations of corruption in its system carried out by the Prosecutor's Office in the Ministry of Agriculture have been based not on the findings of the project and other investigations about real malfeasance and misfeasance, and have not taken into account the real progress in limiting corruption made during the past three years, but on cases that often originated from very tendentious charges originating during the last year of the Shevardnadze regime. These attitudes will have the effect of making impossible any meaning reform in the sector and are certain, therefore, to negatively impact the process of reconstruction and reform of Georgia as whole. So the second key assumption, and the one which seems unfortunately most likely not to be met as of the time this workplan is being prepared, is that

The executive branch of the Government of Georgia understands and supports the process of agricultural reform and development.

Economic actors need to clearly understand the "rules of the game." Those rules are set forth in laws adopted by parliament and regulations adopted by the executive branch on the basis of the laws. Unfortunately, as in all other post-Soviet states, Georgian laws and regulations are incomplete, contradictory, vague, difficult to enforce, and often ignored. The very volume of past donor assistance in Georgia has in some ways worsened this situation, as foreign advisors have not always been careful about ensuring that their activities and drafts were congruent with the existing legal framework. Parliament has not generally done a good job of ensuring a consistent legal and regulatory framework. The new parliament does not yet have much of a record in these respects, but it is clear that much work will have to be done with it in order to obtain the legal changes and clarifications needed to improve the regulatory framework for the agricultural and food sector. Therefore, a third key assumption of this work plan is that

Parliament proves able and willing to retain or change and add to existing law in order to ensure a consistent, transparent, workable legal framework for the agricultural and food sector (and the economy and polity as a whole).

The resources of the RAPA project are obviously limited. Yet the tasks are very large and must often be carried out in close succession to be effective. Therefore, the project

strategy is built on cooperation with other donors, particularly the World Bank and the European Union. Therefore, the fourth key assumption of this work plan is that

Existing close cooperation with other major donors in the agrifood sector is maintained and improved, and that cooperation with donors to likely activities, particularly civil service and general governance reform, can be established and maintained.

For these assumptions to hold, the project, the Ministry of Agriculture, and the Government as a whole need to improve and expand their dialogue with society to explain and build support for their activities. What the project will do in this regard is described below under “Outreach.”

KEY POINTS IN THE APPROACH

The key elements in the project’s approach during remain:

1. Use Georgian labor wherever possible. The basic problems are not difficult to understand, but actually putting solutions into place can only be done by local people with strong support from the donor community. The purpose of this project is to assist the MAF to change, not just to recommend how it should change.
2. Combine resources with other donors wherever possible. The MAF works with all donors, and its concerns and issues of its restructuring cut across many sectors. Moreover, resources for the work are limited. Therefore close cooperation with other donors is absolutely necessary.
3. Follow a strategy of what is politically possible within a strong overall vision of reform. The MAF remains very fragmented, and almost all of its middle-level managers have strong political protectors. Therefore, while understanding that the ultimate goal is a much simpler, much stronger organization, it may be necessary at times to move towards that goal gradually.
4. Integrate policy and public administration. Organization needs purpose and ideas need structure.
5. The MAF structure should be simplified, its lines of authority clarified, and its organizational capacity strengthened and improved.

This approach has been discussed in previous project proposals and reports. Although the restructuring efforts have not all been uniformly or absolutely successful, the present structure of the MAF is considerably simpler and more efficient than it was when the project began. The MAF now includes about half as many units as it did when the project began. The number of employees has fallen by almost half in the same period. The project’s “vision” of how the Ministry should look, characterized by policy-making and “diplomatic” units directly subordinated to the Minister, with “institutional maintenance” units, research and extension agencies, safety and monitoring agencies, and remaining units that assist producers directly each grouped under a specific deputy is intended to further clarify and simplify administration and reporting.

ACTIVITIES

The following sections of this workplan describe activities proposed for this year and deliverables anticipated to be generated from those activities. Although Phase IIIb will start on July 1, 2004, for continuity the workplan describes activities beginning June 1, 2004, the date it was completed. In some cases the deliverables are conditional, dependent in their precise timing on the activity of other donors and the Ministry. Such dependency is not particularly desirable, but it is the consequence of close cooperation. Individual staff members have been identified as responsible for each activity, although they are responsible first of all for the overall success of the project.

1. Signature of a new Memorandum of Understanding on the project between USAID and the Government of Georgia

The memorandum of understanding between the Government and Georgia and USAID for the RAPA project expired at the end of Phase II of the project. It has since been extended by informal exchanges of letters that are probably not in accord with the amendment provisions in the MoU. The absence of a current memorandum caused the project some difficulty during an audit by the Tax Department in 2003. It would be useful to specify certain conditions on the Ministry, including legal changes and in particular concerning the elimination of some units and the creation of certain specific service units, as conditions for continued assistance. These are activities that the Ministry had long ago agreed to complete but which for various reasons have not been. As the end of the activity under the BASIS IQC approaches, it will also be useful to reconsider the planned distribution of the project's inventory.

To resolve this issues, the project staff, in cooperation with USAID, will prepare a new draft Memorandum of Understanding. This MoU should be signed in a public ceremony as soon after the beginning of Phase IIIb as the schedules of the principal signatories permits.

Deliverable: Signature of MoU

Due date: July 1, 2004

Staff members responsible: Don Van Atta, Mamuka Matiashvili

2. Ministry Strategy and Policy Development

Befitting its history as a part of the command-administrative economy, the Ministry of Agriculture of Georgia continues to lack a clear strategy and set of priorities beyond providing as many benefits as possible to the sector and extracting as much as possible from it. As a result of independence and the country's attempts to break into new markets, as well as under pressure from the donor community, the Ministry made several attempts to develop a formal strategy in the 1990s. Most recently, with assistance from the RAPA project, the Ministry drafted a strategy which was presented to donors and approved by them in 2003. It was to have been presented to President Shevardnadze for his approval in October or November 2003 but events intervened. The strategy was then formally discussed by the Ministry management and provisionally approved at a meeting of the Ministry's collegium (its senior management) in December 2003.

RAPA staff worked with senior Ministry officials in drafting that strategy, and the Ministry has requested assistance in updating that strategy, which is now scheduled to be

presented at a government meeting sometime in June 2004. Moreover, the European Commission Food Security Program has set as a condition for its budget assistance to Georgia this year that the Ministry of Agriculture's strategy be developed into a medium-term action plan and budget. This requirement coincides with the general recommendation of the international financial institutions that the government of Georgia develop a more coherent set of priorities, better budgeting procedures, and a medium-term expenditure framework.

The FSP condition requires that a working group to operationalize the strategy be established in June or July 2004. Although the FSP has not yet prepared its conditionalities for 2005, it is clear that one of the next year's requirements will be completion of that medium-term plan and its approval.

Since the Ministry's overall strategy has not been approved by the Cabinet or President of Georgia, that must occur before the follow-on conditions can be met.

Deliverable: Overall Ministry strategy confirmed by government

Due date: as soon as practicable

Staff member responsible: Sophie Kemkhadze

Deliverable: "Medium-term program and timetable for the operationalization of the Government's Strategy for Agriculture" working group established [EC FSP condition]

Due date: June 30, 2004

Staff member responsible: Sophie Kemkhadze

Deliverable: "Medium-term program and timetable for the operationalization of the Government's Strategy for Agriculture"

Due date: February 30, 2005, or as agreed with EC FSP and Ministry

Staff member responsible: Sophie Kemkhadze

The Georgian government's Economic Development and Poverty Reduction Plan was written before the "Rose Revolution," and the government has now committed itself to redrafting it. Since the agricultural sections of the document were not very strong, they are likely to require particular attention. The EDPRP should be coherent with the Ministry's own strategy, and therefore it is appropriate that the project should offer suggestions on redrafting of the agricultural portions of the strategy.

Deliverable: Comments on agricultural and food sections of the EDPRP

Due Date: July 1, 2004

Staff members responsible: Sophie Kemkhadze, Bidzina Korakhashvili

Experience with the development and approval of the Ministry's mission statement in 2002-2003 suggests that once the Ministry's strategy a major information campaign will be needed both within and without the Ministry to explain both the strategy and the limits of what the government can do for the sector. However, that activity will need to be designed in collaboration with the EC FSP and World Bank at a later time.

3. Regulatory reform

The Ministry of Agriculture of Georgia has, essentially, four sets of regulatory agencies at present:

Seed, plant and animal varieties and breeds

- Seed Quality Inspection Service
- Sakjishcentri
- Selection Achievements Inspection
- Veterinary Department
- Cattlebreeding Department
- Samtresti (grape vines)

Food products:

- Food Products Monitoring and Expertise Service
- Agricultural Products and Flour Quality Inspection
- Veterinary Department (all food products sold in peasant markets)
- Samtresti (wine)
- Sakminkhitskali (mineral water)

Animal health

- Veterinary Department
- Cattle breeding Department

Plant Health

- Plant Protection Service
- Samtresti (grape vines)

The Plant Protection Service inspects plant imports and exports at the border and The Veterinary Department inspects animal-and processed food imports and exports in border stations.

Based on a recommendation from the now-moribund Anti-Corruption Commission of Georgia, the Ministry, with RAPA help, spent considerable time trying to combine almost all these agencies into one “unified inspection.” The ACC recommended this on the argument that any Ministry should not have more than a single body with the legal power to inspect and license. However, it turned out that such an approach was difficult to achieve because it affected too many political interests, and would not have been in harmony with European practice.

The Veterinary Department has since 1999 successfully resisted recommendations and insistence from the European Commission Food Security Program that it privatize primary veterinary services, including inspection services in peasant markets. The seed and selection agencies have similarly been successful at resisting reform, with the result that Georgian farmers cannot get modern varieties or certified seed.

The World Bank is now preparing a major project to follow on the Agricultural Development Project which ends this year. The new World Bank project, provisionally called the “Rural Development Project” (or sometimes ADP-II), is planned to include a regulatory reform component. During the first half of 2004, the World Bank has brought consultants to Georgia who have designed reform plans for the country’s food safety system, its plant health system (including seed and selection) and its animal health system. The recommendations in their reports are designed to be congruent with

European Union requirements and best world practice. In effect, therefore, most of the work of designing reform plans for these areas has already been done by the World Bank.⁴

The European Commission Food Security Program until this year directly supported much of the Ministry of Agriculture's budget. The FSP for this year has moved to a model of direct budget support, but its conditions remain tied to agriculture and related sectors. According to the EC FSP's memorandum of understanding with the Georgian government for this year, the European Commission release of the second of three scheduled tranches of budget support this year is conditional upon preparation of reform programs for food safety, plant health and veterinary matters – that is, massaging of the World Bank consultants' reports into plans for reform adopted by the Ministry.

In agreement with the FSP and RDP managers, and building on its previous work in those area, the RAPA will support the development and implementation of these plans for reform in agriculture-related regulation.

Deliverable: medium-term time-bound action plans on restructuring and reform of state food safety [Agricultural Products and Flour Quality Inspection, Food Products Monitoring and Analysis Service] system.

Deadline: June 30, 2004 [EC FSP condition]

Staff members responsible: Bidzina Korakhashvili, Sophie Kemkhadze, Giorgi Dangadze

Deliverable: medium-term time-bound action plans on restructuring and reform of state, phytosanitary [including seed and selection] system

Deadline: June 30, 2004 [EC FSP condition]

Staff members responsible: Bidzina Korakhashvili, Sophie Kemkhadze, Giorgi Dangadze

Deliverable: medium-term time-bound action plans on restructuring and reform of state veterinary system.

Deadline: June 30, 2004 [EC FSP condition]

Staff members responsible: Bidzina Korakhashvili, Sophie Kemkhadze, Giorgi Dangadze

Once the plans have been accepted, the work of restructuring (already well underway in the Plant Protection Service) will have to be done. Initiation of action according to those plans will then be a condition for the beginning of the World Bank RDP, and most likely also for next year's Food Security Program support.

Deliverable: Plans for restructuring of Phytosanitary and Veterinary Departments in effect

Deadline: to be agreed with WB, FSP, DTRA, and MinAg

Staff members responsible: Bidzina Korakhashvili, Sophie Kemkhadze, Giorgi Dangadze

⁴ Copies of the World Bank consultants' reports, in English and Georgian translations done by the RAPA, may be found on the Ministry's website, www.maf.ge.

As part of these reforms, the laws governing food safety, Veterinary medicine, and plant health, as well as some related legislation, will need to be revised. The EC FSP has also set preparation of revised laws on food safety and veterinary medicine as conditions for this year's budget support to Georgia. Passage of the laws will be a condition for the initiation of the follow-on World Bank Rural Development Program in 2005. RAPA has already drawn up a new Seed Law and Law on Plant Breeders' rights. These texts need to be gone over by the World Bank plant health consultant—which will be arranged in June 2004—but otherwise are ready for submission to Parliament.

Deliverable: revised Seed Law, Law on Plant Breeders' Rights, and related legislation submitted to Parliament

Deadline: July 31, 2004

Staff members responsible: Mamuka Matiashvili, Bidzina Korakhashvili, Giorgi Dangadze

Deliverable: Food Safety System Law submitted to Parliament

Deadline: October 31, 2004 [EC FSP condition]

Staff member responsible: Sophie Kemkhadze

Deliverable: Revised Veterinary law submitted to Parliament

Deadline: October 31, 2004 [EC FSP condition]

Staff members responsible: Mamuka Matiashvili, Bidzina Korakhashvili, Giorgi Dangadze

RAPA has been working for some time to change Georgia's food standards to be in accord with internationally accepted ones. This means, essentially, adoption of food standards set by the United Nations FAO/WHO Codex Alimentarius Commission. Codex standards are the basis of European Union standards and so essentially in accordance with what the new draft Law on Food Safety being drafted under World Bank auspices will require.

With support from World Learning, the Ministry of Agriculture and RAPA planned to organize a public association to act as an intermediary between the private sector and the government in working out the adoption of Codex standards in Georgia and representing Georgian interests in the international Codex commission. Founding of this organization, to be jointly chaired by the Ministers of Agriculture and Health, was delayed by the change in government but should still be completed. Once established, the organization should meet regularly.

Deliverable: Founding meeting of Codex Alimentarius national committee

Deadline: September 17, 2004

Staff member responsible: Sophie Kemkhadze

Deliverable: Regular (quarterly) meetings of national Codex Alimentarius committee

Staff member responsible: Sophie Kemkhadze

In OECD countries, food standards are usually the concern of Ministries of Health and Agriculture. In Georgia, however, the state standards organization, Sakstandarti, has aggressively asserted its rights to both set standards and monitor compliance with them in food products. In order to proceed with the process of transition to international

standards, as demanded both by the needs of commerce and Georgia's obligations to the WTO, the Georgian government needs to urgently resolve this conflict.

4. Structural Changes

Since the RAPA project began assisting the Ministry of Agriculture, both the number of Ministry employees and the number of its agencies has significantly declined. This shrinkage was needed to reduce an overstaffed institution with many tasks that are no longer relevant or desirable in a market economy.

The new government ordered that civil servants' salaries be significantly increased across the board. In order to do this, in February and March of this year the Ministry management, with the aid of RAPA staff, worked intensively to further reduce its staffing pattern. As part of this work, the project presented a new, simplified overall Ministry design (Annex 2). The Minister has indicated that this design, which regroups agencies by function and further reduces their number, is acceptable. However, although staff size has been reduced, the work to eliminate excess agencies and subunits has not yet really begun. The Minister has indicated that he wishes to present a plan for reorganization of subunits of the Ministry, based on the one presented to him by RAPA, to the Cabinet within the month of June, 2004. It is suggested that the new Memorandum of Understanding to be signed with the Ministry should include a clear commitment to carry out reorganization to create this structure.

Eliminating ministry subagencies requires a considerable process of auditing and examination of the old agency, design, legal drafting, personnel review and training. Funds to carry out (or, in the case of the Plant Protection Service, to continue) this process for the various regulatory agencies noted above should be available as part of the new World Bank Rural Development Project.

The Ministry's restructuring commission decided in 2003 to eliminate the Amelioration inspection and the Agricultural products and Flour Inspection. It is not entirely clear why these decisions have not been implemented, but there appears to be no reason why they cannot and should not be done quickly now.

The Livestock Breeding Department has been a subject of great contention. Consultants working for the Ministry of Finance suggested that it should be transformed into a "legal entity of public law," which would take its staff off the budget but leave it as a government agency. The RAPA project has argued that management of herd books is a minor function that can be handled by private-sector associations or by one or two people in the Veterinary Department, while the tasks of artificial insemination are best left to private-sector veterinarians. The land belonging to the Livestock Breeding Department, which appears to be the real concern in many cases, should be privatized.

Deliverable: Elimination of Cattlebreeding Department, Agricultural products and Grain Inspection, Melioration Inspection as agreed with the Ministry of Agriculture in the new Memorandum of Understanding

Deadline: dependent on MoU (August 31, 2004?)

Staff members responsible: Bidzina Korakhashvili, Internal Control Unit

Agencies belonging to the Ministry of Agriculture have a great variety of central and local laboratories that are supposed to perform a variety of functions. Most appear to be

empty shells. The Ministry has repeatedly asked various donors for assistance in creating new laboratories. Before more are set up, the existing ones should be surveyed and rationalized. This is especially important to do when the US Defense Department's Defense Threat Reduction Agency is seriously considering closing the Tabakhmela Biokombinat in order to eliminate biological weapon production facilities. The core of scientists remaining at that plant would seem to be excellent prospects for reemployment elsewhere in agricultural-related laboratories.

Deliverable: survey of all MAF-subordinated laboratories, plan for their consolidation

Deadline: September 30, 2004

Staff members responsible: Bidzina Korakhashvili, Vazha Tabatadze and Internal Control Unit

A RAPA staff member has worked with the Georgian-European Policy and Legal Advice Center (GEPLAC) and staff of the Veterinary, Plant protection and other Ministries units for almost two years to advance the harmonization of Georgian legislation in the agri-food sector with that of the European Union. The new Georgian government recently directed all ministries to set up a free-standing unit to deal with issues of integration into the European Union. While an ambitious goal, this is an understandable one.

One place to put such a unit would be the Ministry's Foreign Relations Department. However, that unit has tended, because of its task of working with donors, to drive the Ministry's overall policy development. The Ministry redesign suggested by RAPA and accepted in principle by the Minister would put such policy development where it should be, in a small policy-design unit reporting directly to the Minister. The Foreign Department staff have done an excellent job of filling the vacuum of policy-making in the Ministry. However, that should not be their task, but that of the Ministry's chief political appointee who is responsible for all Ministry policy, the Minister.

Therefore, it is suggested that this new Eurointegration Unit be set up directly under the Minister. Since RAPA staff already have extensive experience in this sphere and since the Ministry has requested the assistance, it seems reasonable to suggest assisting with the establishment of this unit as an additional task of structural change.

Deliverable: Ministry of Agriculture unit for integration with European Union designed and operating

Deadline: September 1, 2004

Staff member responsible: Giorgi Dangadze

Project staff have suggested repeatedly that the Mineral Water and Wine Departments should be merged and considerably reduced in size and scope. The Wine Regulatory Department "Samtresti" tried last year to enlarge itself and increase its autonomy by becoming a "legal entity of public law." The result is complaints that the department now does almost nothing and has become more corrupt in the process. This issue is likely to reappear in the coming year.

Similarly, the Fisheries Department "Saktevzi" has taken Ministry and project management time out of all proportion to its intrinsic importance. At the request of the previous Minister, a new law regulating the sector was written by a project lawyer. However, the Saktevzi staff continue to insist that they should have the right to apportion

all Georgia's fishing quotas and inland fishing licenses. This issue, too, is likely to reappear in the coming year.

The major Ministry departments have subunits in each province and district of Georgia. On the grounds that reducing the size of and redefining the functions of the central agencies was more pressing and would have a greater impact, the project has not looked closely at them—such work was planned in phase II of the project, but put aside with the consent of the CTO to deal with other issues. However, one of the Deputy Ministers recently requested the project to look more closely at the structure of the local agricultural agencies. Although this request does not set a clear task as yet, it is certain that as the reduction in the central regulatory agencies proceeds these regional bodies will have to be reconsidered and dealt with more systematically.

5. Institutional Strengthening

At least as important to the operation of an institution as the definition of the units of which it is composed are the functions that hold that parts together. Such “organizational maintenance” functions include hiring, retention and firing, staff training, accounting and budgeting, internal control, procurement, and activity planning. The RAPA has long identified the weakness of these functions in the Ministry of Agriculture – and the Georgian government as a whole – as a particular problem. However, despite repeated recommendations and offered assistance, changes here have not generally been very great. Clearly the project has not succeeded in demonstrating to Ministry management why these activities are so important.

In addition to generally continuing efforts to strengthen organizational maintenance functions, the project has been asked by the Ministry to assist with a review of personnel as part of the continuing downsizing mentioned above. It is not yet clear when the Ministry intends to undertake this process, although if a new structure is shortly approved by the Cabinet the personnel review would probably follow. To be done right, such a review would need to begin, as suggested earlier by the project, with a careful restructuring of the Ministry's personnel department.

Deliverable: Personnel review in Ministry Central Apparatus, subordinate departments as agreed with Ministry of Agriculture

Deadline: dependent on Ministry of Agriculture

Staff member responsible: Bidzina Korakhashvili, Mamuka Matiashvili, Avtandil Iakobidze

Other institutional strengthening tasks are now being performed, or will be performed, by other donors. Since January 2004, the World Bank has been funding a second iteration of the “Risk Assessment Exercise” which, under the management of a RAPA staff member, has been inventorying and auditing Ministry subunits including the Plant Protection Service and, at present, the Veterinary Department. Such work is, as noted above, necessary as part of any reorganization. TACIS is now taking bids on a two-year project to improve budget management in the Ministry which is also to restructure the Strategy and Policy Department into its component parts. Design of this activity was considerably influenced by suggestions of RAPA staff. Finally, the World Bank has promised the Ministry an Institutional Development Funds grant for “Monitoring and Evaluation,” which is understood to mean improving planning and monitoring of work within the Ministry. This grant is to be discussed by a World Bank mission scheduled to visit Tbilisi

in early June. If these activities work as intended, they will do a great deal to strengthen the Ministry's "organizational maintenance" functions.

6. Policy Research and Advice

Previous work plans discussed policy research and advice in considerable detail. Perhaps a third of the staff analysts' time continues to be devoted to one-off research and advice as requested by the Minister and the Ministry. This work is detailed in the project's quarterly reports. More of it is now being passed to the Ministry and to other donors to perform in any case.

Reflecting concerns of the recent past and the likely future, the principal defined research activities for the final year of the project concern Georgia's grain supply. To improve the donors' sense of Georgian food supplies, a RAPA analyst will be asked to track reported grain stocks. Data are provided to the Ministry on a weekly or biweekly basis, so this is principally a matter of assembling what is already available.

Deliverable: report on national grain stocks

Due date: weekly or as agreed with USAID

Staff member responsible: Nana Tsuladze

It was found during negotiations of the most recent US Food for Progress donation that Georgia has arrears on PL-480 loans from the late 1990s. Reporting on all of Georgia's grain donations from the US needs to be examined in any case, and so an analyst will be asked to examine the situation with those arrears in preparation for finding a way to repay them.

Deliverable: analysis of Georgian arrears on PL-480

Due Date: September 30, 2004

Staff member responsible: Nana Tsuladze

The project will also continue with collection of statistical materials and other donor studies, activities described as ongoing in the phase II workplan.

7. Internal Control Unit

Since 2001, the RAPA project has been supporting the work of the Ministry's Internal Control Unit. Four RAPA staff are assigned on a full-time basis to work with this unit, which monitors the work of Ministry units, carrying out audits and examinations as requested by the Minister and agreed with the RAPA Chief of Party. RAPA staff work with Ministry staff at all times. The Internal Control Unit has been very effective in restoring Ministry control of its scattered subunits and in combating mid-level corruption, working with the Ministry's own anti-corruption commission and the Chamber of Control of Georgia. In combination with improved budgeting and other organizational maintenance functions, the ICU has helped to noticeably improve the Ministry's overall functioning.

In the coming year, the Internal Control Unit will assist in examining the records of Ministry units scheduled for dissolution or reorganization, as well as carrying out other tasks agreed with the Minister.

Staff members responsible: Vasili Chigladze, Irakli Donjashvili, Irakli Inashvili, Levan Khundadze

8. Legal Drafting and Advice

An important activity of the project has been assisting the Ministry with legal drafting. Given the structural changes proposed during this phase, that help will obviously continue to be important. Similarly, RAPA staff have provided continuing legal advice to the Ministry on a variety of legal issues confronting the Ministry, as well as with organizing personnel reviews. These kinds of activities, although difficult to precisely foresee, will obviously continue to be important during the period covered by this workplan.

Staff members responsible: Mamuka Matiashvili, Giorgi Misheladze, Giorgi Managadze

The USAID mission, on behalf of Embassy Tbilisi, and the Ministry, have asked for the project's assistance in organizing open tenders for some or all of the proceeds from the monetization of US wheat donated to Georgia under the Food for Progress act in 2003 and 2004. As of the time this workplan was drafted, the exact amount and timing of this work was unclear, although it is certain that, given the need to prepare materials in two languages, the drain on staff time will be not inconsequential.

Deliverable: support for tender(s) for FFP proceeds

Due date: to be determined

Staff members responsible: Giorgi Misheladze, Nana Tsuladze

The legal changes proposed in this workplan in cooperation with the EC Food Security Program and the World Bank are extensive. The project will need to develop closer relationships with the Parliament, particularly the Agrarian Policy Committee, than it has had in the past in order to ensure that this legislative agenda is carried through. Such cooperation may include small seminars or training for the Committee and other interested members of parliament, work with the Committee staff, and continuing support of a part-time parliamentary researcher to provide timely information.

Staff members responsible: Mamuka Matiashvili, Giga Kurdovanidze

The Ministry's reports on its activities to parliament seem not always to be well prepared. The project is considering offering presentation training to senior Ministry staff who must appear before parliamentary committees.

9. Training

At the request of the Ministry, the project has provided English-language training to interested Ministry staff. This training will continue.

Deliverable: 50 Ministry staff with competence in English sufficient to allow them to understand professional materials in their field and function in an English-speaking environment.

Due date: June 30, 2005

Staff member responsible: Teimuraz Magalashvili

The Ministry computer network now unites approximately 100 workstations, including PCs transferred to RAPA from the Sibley GESP project for eventual donation to the Ministry. Formal training for users was conducted in an earlier phase of the project and will be repeated during this phase if resources permit. In any case, front-line support for this user community is provided by the project's computer systems manager and webmaster.

Staff members responsible: Vasili Bibiluri, Koba Makharadze

An employee of the World Bank RAE II has been conducting training in international-standard business accounting for Ministry staff. Several project employees have also regularly attended. As mentioned earlier, the RAE is scheduled to end in June 2004. The RAPA has been discussing continuing this training through the end of the calendar year with the support of the USAID-funded World Learning START activity and it seems probable that this extension will take place.

In previous phases, the project has cooperated with the WTO Secretariat, the USAID-funded AgVantage (SAVE) project, and World Learning to hold a variety of public events on the World Trade Organization agreement on agriculture, international food standards (the UN FAO/WHO Codex Alimentarius) and related matters. The Ministry has arranged with the UN Economic Commission for Europe and the OECD to hold another meeting in this series, on technical standards for fruits and vegetables in October 2004. World Learning will provide most of the financial support for this event.

Staff member responsible: Sophie Kemkhadze

In cooperation with START, AgVantage and the Ministry, the project has also been organizing the attendance by Ministry and other Georgian government employees at sessions of the Codex Alimentarius' commission and working parties, which are held regularly at various locations. Although this activity has been limited by a Mission Caucasus program office determination that all nominees to attend these meetings must be able to speak English, this program will continue during the next year. The Ministry and the RAPA project greatly appreciates the support of the Mission Caucasus OEG and World Learning in making this travel possible.

Staff member responsible: Sophie Kemkhadze

The project has been supplying Ministry management and several of its departments with a variety of market information on a routine basis and in response to specific requests. This information comes from a variety of sources on the internet as well as publications like the weekly *Interfax Food and Agriculture Report*. The Ministry of Agriculture has had no capacity for market or commodity analysis, although its staff are still required to submitting annual production plans to the Ministry of the Economy. Developing capacity for such analysis within the Ministry and in other institutions in Georgia is a vital need if Georgia is to compete in world markets. A project staff member is now working with Ministry staff on market and commodity analyses, as described earlier. It would be extremely useful to systematize and expand this work, and a request for training support will be made to USDA during the next year to support formal commodity and market analysis training.

Staff member responsible: Nana Tsuladze

Most of the work of the Ministry is structured in a series of "special programs" that are submitted annually to the Ministries of Economy and Finance for approval and financial support and then examined by Parliament. These programs are often of rather mediocre quality. At the request of the Ministry, the RAPA is designing a short course for ministry department heads in project design and budgeting and a second in general workplan preparation. Discussions about integrating this activity with the anticipated World Bank Institutional Development Fund grant will be held with a World Bank mission scheduled to be in Tbilisi June 1-14, 2004.

Deliverable: Training of Ministry Department Heads in Program preparation

Due date: September 1, 2004

Staff members responsible: Bidzina Korakhashvili, Sophie Kemkhadze, Nana Tsuladze

Deliverable: Training of Ministry Department Heads in workplan preparation

Due date: November 30, 2004

Staff members responsible: Bidzina Korakhashvili, Sophie Kemkhadze, Nana Tsuladze

10. Outreach

The project works closely with the Public Relations Department of the Ministry of Agriculture, and the project outreach coordinator often travels with Ministry officials in Georgia, providing the project with valuable information about local conditions and issues.

Staff members responsible: Giga Kurdovanidze, Anna Shubladze

The project supports the preparation and translation of a bulletin of press extracts circulated within the Ministry and available to the public in electronic form by subscription on the Ministry website. Ministry press releases are also translated into English and made available in both Georgian and English on the web site.

Staff member responsible: Maka Babunashvili, Rusudan Arveladze (English translation)

In order to increase the transparency of Ministry operations, the project supports a web site for the Ministry of Agriculture (www.maf.ge). This site includes a staff directory, the Ministry's charter and related documents, and a variety of materials on grades and standards, markets and other matters of interest to producers and consumers. In parallel with the Ministry web site, the project also maintains its own site (www.rapa-dai.com.ge). This separate site is used in order to provide a public location for project translations of Georgian legal documents into English, project reports, and other materials which concern the work of the project.

Staff member responsible: Koba Makharadze

A complete list of regulatory orders issued by the Ministry's Central apparatus, and translations of those items of particular interest, is also maintained on the RAPA web site. (As noted above, work is continuing to make all Ministry orders electronically accessible and available on the Ministry web site.)

Staff member responsible: Giorgi Managadze

Public comment periods on draft laws and regulations, although in principle required under Georgian law, are not often provided for or understood in the practice of the Georgian government. The project continues to post draft laws and regulations, in English and/or Georgian, as they become available. The project has provided some support to public discussions of draft legislation, and, given the volume of legal changes that must be accomplished during the period covered by this work plan, greater efforts will be made in the coming year to expand and institutionalize this practice.

Staff member responsible: Giga Kurdovanidze, Koba Makharadze

Project staff have also cooperated informally with efforts supported by IRIS to increase public awareness of such issues as licensing requirements. To the extent resources allow, these contacts should be developed.

Staff members responsible: Sophie Kemkhadze, Mamuka Matiashvili

11. Translation

The project maintains a staff of four translators and one part-time Georgian language editor. This staff is responsible for providing English translations of documents for the use and information of the RAPA chief of party and other non-Georgian speakers with whom the project cooperates. These translations are then made publicly available on the project web site (www.rapa-dai.com.ge). The translation staff is also responsible for making English-language materials available to the Ministry's Georgian speakers. For instance, they frequently translate USDA GAIN reports on market developments in third countries for the Ministry. The RAPA translators also routinely assist the Ministry with its correspondence, for instance having translated the last two Food for Progress agreements and related materials for the Minister. Most of this staff are full-time employees with workplaces in the Ministry. One additional person is retained on a continuing contract business to translate large documents at home on a per-page basis.

Staff members responsible: Nutsa Amirejibi, Rusudan Arveladze, Nino Beradze; Ketik Shengelia (editor); Lika Margania (on-call)

In cooperation with the World Bank RAE, the project has been supporting the translation into Georgian of the International Public Sector Accounting Standards. One project staff member has been assigned to this task on a full-time basis for the past several months, while the RAE has contributed another full-time translator and the services of a professional Georgian accountant as editor.

Deliverable: Completed Georgian version of IPSAS

Due Date: July 2004

Staff member responsible: Tiko Janashvili

12. Security

The project occupies a number of offices in several locations in the main building of the Ministry of Agriculture in Tbilisi. This building, a large Stalin-era office structure with multiple interests and many blind corners, is not secure, and Ministry staff are routinely victims of petty theft. Because of the building's central location, it is also occasionally more seriously threatened, for instance all the windows on one side of the building were blown out by a small bomb planted at the cellular phone company office next door in the fall of 2003. Staff members of RAPA have also been victims of crime – most recently two women staff were robbed at knifepoint on the street – but so far not in the building. Staff are frequently in the building until late in the evening, almost always on Saturdays, and occasionally on Sundays.

Because of this insecure environment, in order to protect both the persons of staff members and the project's property, the project employs several trained security guards who are registered with the Ministry of Internal Affairs of Georgia. In addition to being present around project offices, they are available as escorts for staff and often travel with staff.

Staff members responsible: David Tskhvaradze, Koba Tsirekidze, Giorgi Tvildiani, Leri Giorgadze

13. Reporting

The project will continue to provide quarterly reports to USAID. Because of the variety of project activities and the need to organize a high volume of disparate material, these reports have turned out to be large and not always possible to prepare in a timely manner.

Therefore, the project will also continue the practice of brief, informal reports to the CTO on an approximately weekly basis.

Deliverable: Quarterly reports

Due Date: as scheduled, 15 days after end of each calendar quarter

Staff member responsible: Don Van Atta

A final report, summarizing all project activities during the life of the project, considering lessons learned from it, and offering suggestions for further activities by the Ministry and actors in the sector will be submitted by June 30, 2004. This report will be accompanied by a compact disk or disks of project reports and translations for archival purposes.

Deliverable: Final report and data archive

Due Date: June 30, 2005

Staff members responsible: Don Van Atta, Nutsa Amirejibi, Vasili Bibiluri

The project is required under the BASIS IQC to provide an annual inventory of project property on the anniversary of the project's inception, considered for this purpose to be February 1.

Deliverable: Annual inventory of Project/USAID property

Due Date: February 1 annually

Staff members responsible: Natia Lipartiani, Anna Shubladze, Vasili Bibiluri

DAI requires a monthly field report showing all expenses and a financial balance from the project. This report is due to the DAI home office on the first of each month.

Staff members responsible: Natia Lipartiani, Otar Chigladze, Don Van Atta

DAI also requires a monthly reconciliation of the project's bank accounts by the tenth of each month.

Staff members responsible: Otar Chigladze, Don Van Atta

Development Alternatives, Incorporated, is a registered legal entity in Georgia. As such it is subject to an annual audit by the State Tax Department. Experience with the audit in 2003 indicates that meeting this legal requirement is likely to consume a good deal of staff time.

Staff members responsible: Otar Chigladze, Don Van Atta

The USAID Mission Caucasus Office of Financial Management requires a quarterly estimate of accrued expenses not yet billed at the end of each calendar quarter in order to prepare its own financial reports. This estimate is done by the project chief of party by the twentieth day of the last month of each quarter.

Staff member responsible: Don Van Atta

14. Close-down

Since no further extensions of the RAPA activity are possible under the BASIS IQC, the RAPA project will end in its present form by June 30, 2005. That month will be devoted to project close-down. A DAI home office associate will work with the project in Tbilisi for two weeks during that month to ensure that all files and records are properly secured, all reports deposited with USAID CDIE, etc. At present, it is expected that all project

property will be transferred to the Ministry of Agriculture. Some project staff are likely to transfer to Ministry employment. Others may remain with a private consulting firm, a Georgian legal entity, that project CCNs are forming.

The project has accumulated a considerable quantity of data as well as a large volume of translations and a small library of publications. Further discussions with the USAID Mission Caucasus and other projects are needed to determine the best repositories for these materials. Some items may go to the Mission, some to the Ministry's Foreign Relations Department.

During the final month of the project, a summary seminar to systematically consider both lessons learned and further needed activities, will be organized by the project with the Ministry. This event is likely to include both closed meetings of project staff and Ministry employees and a public presentation.

Deliverable: summary seminar to discuss lessons learned
and make recommendations for further Ministry reform

Due date: June 15, 2005

Staff member responsible: Don Van Atta

Deliverable: final report

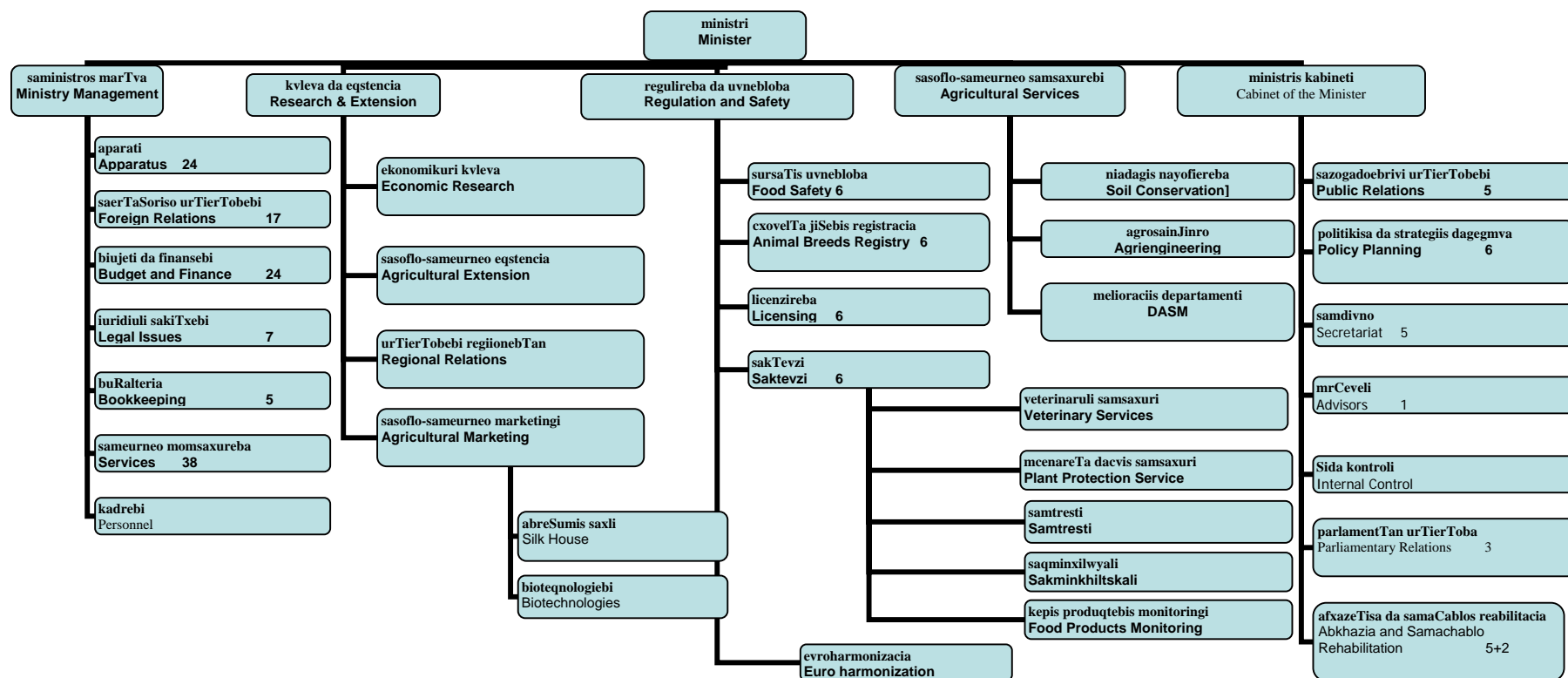
Due date: June 30, 2005

Staff member responsible: Don Van Atta

ANNEX 1. PROJECT STAFF AS OF JUNE 1, 2004

Legal advice and anti-corruption activities		
Mamuka Matiashvili	Senior Attorney	
Giorgi Misheladze	Attorney	
Otar Chigladze	Financial analyst	project accountant
Vazha Tabatadze	Financial Analyst	Coordinator of World Bank RAE II
Policy analysis		
Bidzina Korakhashvili	Senior Analyst	restructuring coordination
Sophie Kemkhadze	Senior Analyst	Employed by WB to support food code drafting, May-July 2004
Giorgi Dangadze	Attorney	EU harmonization
Nana Tsuladze	Analyst	Grain analyst
Ana Shubladze	research assistant	
Ministry institutional strengthening		
Avtandil Iakobidze	Attorney	liaison with Plant Protection Service
Jemal Mchedlishvili	Financial analyst	Employed by WB to support DASM reorganization, May-October 2004
Keti Shengelia	Analyst, Georgian-language editor	
Giorgi Managadze	Attorney	liaison with Ministry legal office
Internal Control Unit		
Vasili Chigladze	Financial analyst	
Irakli Donjashvili	Attorney	
Irakli Inashvili	Financial Analyst	
Levan Khundadze	Financial Analyst	
Outreach		
Giga Kurdovanidze	Outreach Coordinator	
Maka Babunashvili	Press analyst	
Translation		
Nutsa Amirejibi	Senior translator	
Rusudan Arveladze	Translator	
Nino Beradze	Translator	
Tiko Janashvili	Translator	
Lika Margania	Contract Translator	
Don Van Atta	Chief of Party	
Natia Lipartiani	Office manager	
Teimuraz Magalashvili	English teacher	
Vasili Bibiluri	Computer Administrator	
Koba Makharadze	Web/data base designer	
David Beridze	Driver	
David Tskhvaradze	Senior guard	
Koba Tsirekidze	Guard	
Giorgi Tvildiani	Guard	
Leri Giorgadze	Guard	

ANNEX 2. OVERALL STRUCTURE OF THE MINISTRY AS PRESENTED BY PROJECT TO MINISTRY MANAGEMENT



ANNEX 3. ACTIVITY TIMING

[illegible]

ANNEX 4. ABBREVIATIONS

ADP	World Bank Agricultural Development Project
BASIS	Broadening Access and Strengthening Input Market Systems (USAID IQC)
CCN	Cooperating Country National
CDIE	Center for Development Information Exchange (USAID)
CTO	(USAID) Cognizant Technical Officer
DASM	Department of Amelioration Systems Management
EC	European Commission
EDPRP	Economic Development and Poverty Reduction Plan
FAO	United Nations Food and Agriculture Organization
FFP	Food for Progress
FSP	(European Commission) Food Security Program
GoG	Government of Georgia
IDF	Institutional Development Facility (WB grant)
IQC	Indefinite quantity contract (USAID)
MCC	Millennium Challenge Corporation (US)
MoU	Memorandum of Understanding
OEG	USAID Mission Caucasus Office of Economic Growth
OFM	Office of Financial Management (USAID)
RAE	Risk Assessment Exercise (WB-funded short term project, now in its second phase)
RAPA	Restructuring Assistance and Policy Advice for the Ministry of Agriculture project
RDP	World Bank Rural Development Project (also called ADP II)
UN	United Nations
US	United States
USAID	United States Agency for International Development
USDA	United States Department of Agriculture
WB	World Bank
WHO	United Nations World Health Organization